



Summary

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Government grants to adult education associations

– control and follow-up

Summary

Government grants to adult education associations (“studieförbunden”) amount to almost SEK 2 billion per year. Study associations offer non-formal and voluntary education mainly to the adult population. The Swedish term for this education is “folkbildning”. A great deal of trust has been placed in the Swedish National Council of Adult Education and the study associations by the State to manage and control these funds themselves. In recent years, substantial errors and fraud have been discovered in adult education associations’ payment of the government grants to partners. The Swedish National Audit Office (Swedish NAO) has therefore audited whether the control, follow-up and governance of the government grants to the adult education associations is effective. The audit has focused in particular on how the adult education associations use the funds and how the control system is designed.

The Swedish NAO’s overall assessment is that there are deficiencies at all levels – from the adult education associations’ payments and control, via governance and follow-up by the Swedish National Council of Adult Education, to the Government’s governance. The control system that the liberal adult education operators designed together is not sufficiently effective in capturing misstatements. This has been highlighted by the fact that a considerable proportion of the adult education associations’ disbursement of payment of expenses audited by the Swedish NAO lack sufficient documentation. The audit

further shows that there is a serious risk that the government grants are used for activities other than liberal adult education. The Swedish NAO's assessment is that both control and transparency of how the government grants are handled and used by the adult education associations need to be significantly strengthened. This is of utmost importance to ensure that the government grants are used for their intended purpose, according to the Swedish NAO.

Liberal adult education operators have not designed a sufficiently efficient control system

The Swedish National Council of Adult Education and the adult education associations have designed a comprehensive control system for managing government grants with several different controls at different levels. In recent years, the Swedish National Council of Adult Education and the adult education associations have also carried out comprehensive development efforts to combat improper use of government grants – an effort that remains ongoing. Despite this, the Swedish NAO assesses that there are fundamental problems in the way the control system is designed, which means it does not capture and correct errors efficiently enough.

A fundamental problem is that the conditions governing adult education associations' management and control of government grants are so broad that they make it difficult to assess which liberal adult education activities are improper. Risk and materiality analyses have so far also not been used systematically to give priority so that the controls are applied where they can have the best impact, for example where the risk of material misstatement is relatively high.

The audit also shows that the adult education associations' controls of their liberal adult education activities differ. In addition, the associations do not remove improper activities in a uniform way in their controls. All in all, this entails a risk of significant differences in quality, accuracy and equivalence in the various associations' control operations, according to the Swedish NAO.

The follow-up by the Swedish National Council of Adult Education of the adult education associations' controls also does not ensure that errors are prevented, detected and corrected. The Swedish NAO considers that the agency role in terms of control and follow-up by the Swedish National Council of Adult Education with regard to the adult education associations needs to be clarified and strengthened. The audit shows that the Council has had little resources for its follow-up in relation to its ambitions. Finally, the Swedish NAO assesses that there is a risk that irregularities are not investigated in an uniform, legal and independent manner.

The Government's governance has not focused sufficiently on control of the government grants

The Swedish NAO considers that the Government has used the governance instruments it has access to, within the framework of the particular governance model that applies to government grants to liberal adult education. However, the Government has not focused sufficiently on the control of how government grants are used.

In order for the Government to be able to assess whether the government grants are being used for their intended purpose, the Government needs to obtain more information on how the government grants are used and controlled.

Recommendations

The assessment of the Swedish NAO is that follow-up and control of government grants needs to be considerably strengthened. The Government has recently appointed an Inquiry Chair, whose tasks include reviewing the current model for allocating government grants to liberal adult education. The Inquiry Chair will also examine how follow-up, control and audit of the government grants are ensured. The Swedish NAO's assessment is that the inquiry's direction and broad approach are necessary. At the same time, the Swedish NAO wishes to stress how important it is that the inquiry examines the possibility of independent control of adult education associations' use of government grants, in order to increase confidence and reliability in government grant management, and to ensure that the funds are used for their intended purposes.

However, the results of the newly appointed inquiry and the subsequent preparation will take some time. In the meantime, it is necessary to strengthen control and follow-up of government grants. The Swedish NAO's recommendations thus focus on the current system.

Recommendations to the Government

- Ensure that the Swedish National Council of Adult Education's role with regard to control and follow-up of government grants is clarified and strengthened.
- Ensure that Swedish National Council of Adult Education reporting includes the results of the Council's performed risk analyses, exception management, controls and follow-up, as well as information on the adult education associations' finances in order to gain better insight into how government grants are used.

Recommendations to the Swedish National Council of Adult Education

- Clarify the conditions so that adult education associations' payment of government grants to partners are based on sufficient documentation and equitable assessments with regard to boundaries to other activities.
- Make sure that adult education associations' agreements on reimbursement of expenses to partners are documented to ensure objectivity and transparency.
- Develop risk and materiality analyses at the adult education associations and the Swedish National Council of Adult Education so that they can be used together systematically in the control of adult education associations' liberal adult education activities.
- Improve effectiveness of control by merging the adult education associations' follow-up checks with the Council's follow-up for a joint follow-up. The Council should be responsible for the implementation.
- Prepare procedures to ensure that fraud is investigated and handled in a consistent and independent manner.
- Ensure that reporting to the Government is complete and correct and also presents problems and risks as regards the management of government grants.